

FirstCaribbean International Bank Limited

Consolidated Financial Statements

For the six month period ended April 30, 2014 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

For the six months ended April 30, 2014, the Bank recorded a net loss of \$199 million. CIBC FirstCaribbean's second quarter results were affected by items of note, including \$115 million (\$115 million after-tax) of incremental loan losses and a non-cash goodwill impairment charge of \$116 million (\$116 million after-tax). The incremental loan losses reflect our revised expectations on the extent and timing of the anticipated economic recovery in the Caribbean region. In light of persistently challenging economic conditions in many Caribbean countries and our revised expectations for conditions going forward, we have reduced the carrying value of the goodwill, primarily related to our operations in Bahamas.

Excluding these items and non-controlling interest, CIBC FirstCaribbean generated \$35 million of net income for the period, consistent with the same period in the prior year. Operating profit (Total Revenue less Operating Expenses) was \$90 million for the six months ended April 30, 2014, compared with \$87 million for the same period in the prior year.

The goodwill impairment charge is a non-cash item and does not affect ongoing operations or capital ratios. After giving effect to the items noted above, our Tier 1 and Total Capital ratios remain strong at 20.7% and 21.7%, well in excess of applicable regulatory requirements. In addition, the Directors have approved an interim dividend of one point five United States cents (US\$0.015) per share to be paid on June 27, 2014 to Shareholders of record as at June 12, 2014.

We continue to invest in optimizing our branch network and the installation of new ABMs, including dual currency machines, in some of our markets. Investment also continues in the development of strong product offerings for our customers, as we continue to provide financial solutions to help them achieve what matters to them. Additionally, we have maintained the level of our community giving through our charitable foundation. This reinforces our continued confidence in the strength of our franchise and our commitment to the Caribbean region.

In 2013, CIBC was recognized by the Bloomberg Markets magazine as one of the strongest banks in the world. We are proud to be part of the CIBC group of companies.

We wish to thank all of our stakeholders including our customers, shareholders, the Board, management and our employees for their ongoing support.

Rik Parkhill
Chief Executive Officer
May 29, 2014

FORWARD-LOOKING STATEMENT DISCLOSURE.
This report may contain forward-looking statements, including statements about our financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward looking statements provide management's current expectations or forecasts of future events and, by their nature, are subject to assumptions, risks and uncertainties. Although management believes that the expectations and forecasts reflected in these forward-looking statements are reasonable, actual results could differ materially from those contained in or implied by such forward-looking statements due to a variety of factors including: (1) changes in interest rates; (2) changes in trade, monetary or fiscal policy; (3) changes in general economic conditions, or in the condition of the local economies in which we have significant operations or assets, which could, among other things, materially impact credit quality trends and our ability to generate loans; (4) increased competitive pressure among financial services companies; (5) the inability to successfully execute strategic initiatives designed to grow revenues and/or manage expenses; (6) consummation of significant business combinations or divestitures; (7) operational or risk management failures due to technological or other factors; (8) heightened regulatory practices, requirements or expectations; (9) new legal obligations or restrictions or unfavourable resolution of litigation; (10) adverse capital markets conditions; (11) disruption in the economy and general business climate as a result of terrorist activities or military actions; and (12) changes in accounting or tax practices or requirements. Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. We do not assume any obligation to update these forward-looking statements. For further information regarding FirstCaribbean International Bank Limited, please read FirstCaribbean International Bank Limited's financial and other reports that are available on the company's website at www.cibcfib.com.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited April 30, 2014	Unaudited April 30, 2013 Restated *	Unaudited October 31, 2013 Restated *
Assets			
Cash, balances with Central Banks and due from banks	2,666,624	2,714,109	2,311,538
Financial assets at fair value through profit or loss	—	12,771	—
Loans and advances to customers	6,182,254	6,470,825	6,329,247
Investment securities	2,427,937	1,823,516	2,214,085
Property and equipment	127,459	129,018	127,040
Other assets	169,502	208,798	113,095
Intangible assets	218,959	334,907	334,907
Total assets	11,792,735	11,693,944	11,429,912
Liabilities			
Customer deposits and other borrowed funds	10,256,289	9,836,927	9,622,921
Financial liabilities at fair value through profit or loss	—	12,771	—
Other liabilities	198,747	183,310	244,839
Debt securities in issue	30,747	30,662	30,461
Total liabilities	10,485,783	10,063,670	9,898,221
Equity attributable to equity holders of the parent			
Issued capital and reserves	920,684	952,471	929,952
Retained earnings	362,785	648,437	574,573
	1,283,469	1,600,908	1,504,525
Non-controlling interests	23,483	29,366	27,166
Total equity	1,306,952	1,630,274	1,531,691
Total liabilities and equity	11,792,735	11,693,944	11,429,912

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made. Refer to Note 2.

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

Sir Allan Fields
Director

Sir Fred Gollop
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				Total Equity
	Issued Capital	Reserves	Retained Earnings	Non-controlling Interests	
Balance at October 31, 2012 (Restated)*	1,193,149	(241,254)	643,377	29,644	1,624,916
Total comprehensive income for the period (Restated)*	—	(6,384)	35,373	494	29,483
Transfer to reserves	—	6,956	(6,956)	—	—
Acquisition of additional interest in subsidiary	—	4	—	(8)	(4)
Equity dividends	—	—	(23,357)	—	(23,357)
Dividends of subsidiaries	—	—	—	(764)	(764)
Balance at April 30, 2013 (Restated)*	1,193,149	(240,678)	648,437	29,366	1,630,274
Balance at October 31, 2013 (Restated) *	1,193,149	(263,197)	574,573	27,166	1,531,691
Total comprehensive loss for the period	—	(1,434)	(196,264)	(2,935)	(200,633)
Transfer to reserves	—	(7,834)	7,834	—	—
Equity dividends	—	—	(23,358)	—	(23,358)
Dividends of subsidiaries	—	—	—	(748)	(748)
Balance at April 30, 2014	1,193,149	(272,465)	362,785	23,483	1,306,952

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made. Refer to Note 2.

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

CONDENSED CONSOLIDATED STATEMENT OF (LOSS)/INCOME

	Unaudited Quarter ended April 30, 2014	Unaudited Quarter ended April 30, 2013 Restated *	Unaudited Six months ended April 30, 2014	Unaudited Six months ended April 30, 2013 Restated *	Unaudited Year ended October 31, 2013 Restated *
Interest and similar income	112,442	114,640	229,042	233,318	466,266
Interest and similar expense	21,490	23,116	43,408	47,395	93,078
Net interest income	90,952	91,524	185,634	185,923	373,188
Operating income	36,254	40,480	78,786	77,418	156,664
	127,206	132,004	264,420	263,341	529,852
Operating expenses	84,850	89,359	174,338	176,239	397,149
Loan loss expense	138,875	24,839	169,464	48,601	151,399
Impairment of intangible assets	115,946	—	115,946	—	—
	339,671	114,198	459,748	224,840	548,548
(Loss)/Income before taxation	(212,465)	17,806	(195,328)	38,501	(18,696)
Income tax expense	1,742	1,564	3,806	2,662	3,147
Net (loss)/income for the period	(214,207)	16,242	(199,134)	35,839	(21,843)
Attributable to:					
Equity holders of the parent	(210,976)	15,891	(196,264)	35,373	(21,253)
Non-controlling interests	(3,231)	351	(2,870)	466	(590)
	(214,207)	16,242	(199,134)	35,839	(21,843)
Earnings per share attributable to the equity holders of the parent for the period:					
(expressed in cents per share)	(13.4)	1.0	(12.4)	2.2	(1.3)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

	Unaudited Quarter ended April 30, 2014	Unaudited Quarter ended April 30, 2013 Restated *	Unaudited Six months ended April 30, 2014	Unaudited Six months ended April 30, 2013 Restated *	Unaudited Year ended October 31, 2013 Restated *
Net (loss)/income for the period	(214,207)	16,242	(199,134)	35,839	(21,843)
Other comprehensive income:					
Net gains/(losses) on available-for-sale investment securities, net of tax	9,638	(5,724)	3,857	1,973	(5,939)
Exchange differences on translation of foreign operations, net of tax	(3,984)	(4,953)	(5,897)	(8,089)	(14,267)
Re-measurement gains/(losses) of Retirement benefit obligations	281	(38)	541	(240)	(33,591)
Other comprehensive income/(loss) for the period, net of tax	5,935	(10,715)	(1,499)	(6,356)	(53,797)
Total comprehensive (loss)/income for the period, net of tax	(208,272)	5,527	(200,633)	29,483	(75,640)
Attributable to:					
Equity holders of the parent	(205,165)	5,427	(197,698)	28,989	(74,943)
Non-controlling interests	(3,107)	100	(2,935)	494	(697)
	(208,272)	5,527	(200,633)	29,483	(75,640)

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FirstCaribbean International Bank Limited

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended April 30, 2014	Unaudited Six months ended April 30, 2013 Restated *	Unaudited Year ended October 31, 2013 Restated *
Net cash from operating activities	616,593	1,172,185	563,298
Net cash used in investing activities	(180,229)	(145,799)	(456,130)
Net cash used in financing activities	(24,461)	(24,706)	(51,581)
Net increase in cash and cash equivalents for the period	411,903	1,001,680	55,587
Effect of exchange rate changes on cash and cash equivalents	(5,897)	(8,089)	(14,267)
Cash and cash equivalents, beginning of the period	1,937,184	1,445,442	1,895,864
Cash and cash equivalents, end of the period	2,343,190	2,439,033	1,937,184

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CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited six months ended April 30, 2014				
	RB	WB	WM	Admin	Total
External revenues	91,343	106,379	24,560	42,138	264,420
Revenues from other segments	8,610	5,924	21,098	(35,632)	—
Total Revenues	99,953	112,303	45,658	6,506	264,420
Segment Results	(94,398)	(26,844)	9,196	32,664	(79,382)
Impairment of Intangible assets	—	—	—	—	(115,946)
Taxation expense	—	—	—	—	3,806
Net loss for the period					(199,134)
Segment assets	2,228,458	3,276,384	261,870	5,771,390	11,538,102
Unallocated assets					254,633
Total Assets					11,792,735
Segment liabilities	2,893,294	2,513,775	4,459,726	617,732	10,484,527
Unallocated liabilities					1,256
Total liabilities					10,485,783

	Unaudited year ended Oct 31, 2013 (Restated)*				
	RB	WB	WM	Admin	Total
External revenues	175,649	213,684	50,287	90,232	529,852
Revenues from other segments	19,827	11,513	47,839	(79,179)	—
Total Revenues	195,476	225,197	98,126	11,053	529,852
Segment Results	(80,362)	(30,317)	32,367	59,616	(18,696)
Taxation expense	—	—	—	—	3,147
Net loss for the year					(21,843)
Segment assets	2,357,462	3,269,123	291,433	5,135,876	11,053,894
Unallocated assets					376,018
Total assets					11,429,912
Segment liabilities	2,864,359	2,187,420	4,227,035	615,677	9,894,491
Unallocated liabilities					3,730
Total liabilities					9,898,221

Unaudited six months ended April 30, 2013 (Restated)*

	RB	WB	WM	Admin	Total
External revenues	88,274	106,216	24,897	43,954	263,341
Revenues from other segments	10,206	4,260	24,418	(38,884)	—
Total Revenues	98,480	110,476	49,315	5,070	263,341
Segment Results	(13,825)	2,636	22,687	27,003	38,501
Taxation expense	—	—	—	—	2,662
Net income for the period					35,839
Segment assets	2,380,243	3,365,836	313,400	5,262,349	11,321,828
Unallocated assets					372,116
Total Assets					11,693,944
Segment liabilities	2,859,708	2,408,543	4,271,738	520,627	10,060,616
Unallocated liabilities					3,054
Total liabilities					10,063,670

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Notes:

- On November 1, 2013 Corporate Lending & Investment Banking ("CLIB") Managing Directors Office was moved from Wholesale Banking and is now a sub-segment of the Chief Administrative Officer (reflected in Administration in segment note). The roles and functions remain unchanged. The Group's operations are now organized into three business segments, Retail Banking ("RB"), Wholesale Banking ("WB"), and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, HR, Technology & Operations, Risk and Other).
- Segmental Note disclosure has been restated due to Implementation of IAS 19 "Employee Benefits", refer to Note 2. Concurrently, the assumptions underpinning the segment allocation methodologies were updated resulting in changes to segment performance. Prior period disclosures were amended to conform to this current presentation basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank Limited (the Group) should be read in conjunction with the IFRS consolidated financial statements and notes thereto for the year ended October 31, 2013, included in the Group's Annual Report 2013. For a description of the Group's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

Basis of presentation

Certain financial information, which is normally included in annual financial statements prepared in accordance with IFRS, but not required for interim reporting purposes, has been condensed or omitted. Reclassifications may be made to the prior period's financial statements to conform to the current period's presentation. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the unaudited condensed consolidated financial statements for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of results for the entire year.

In preparing these unaudited condensed consolidated financial statements, management is required to make estimates and assumptions which affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Dividends

The Directors have approved an interim dividend of one point five United States cents (US\$0.015) per share to be paid on June 27, 2014 to Shareholders of record as at June 12, 2014.

2. Changes to Accounting policies

IAS 19 "Employee Benefits" – In June 2011, the IASB published an amended version of IAS 19 which became effective for the Company on November 1, 2013. The amendments require the following: (i) recognition of actuarial gains and losses in OCI in the period in which they arise; (ii) recognition of interest income on plan assets in net income using the same rate as that used to discount the retirement benefit obligation; and (iii) recognition of all past service costs (gains) in net income in the period in which they arise. We adopted the amendments to IAS 19 on a retrospective basis effective November 1, 2012. The increase (decrease) on the consolidated statement of financial position as a result of the retrospective application of the amendments to IAS 19 was as follows:

As at	2013 Apr. 30	2013 Oct. 31	2012 Oct. 31	2011 Nov. 1
Other assets:				
Retirement benefit assets	(12,795)	(9,202)	(12,980)	(13,570)
Other liabilities:				
Retirement benefit obligations	11,223	13,687	12,623	11,478
Retained earnings	6,879	10,702	5,024	—
Reserves	(30,897)	(33,591)	(30,633)	(25,048)

The increase (decrease) in the consolidated statement of net income and consolidated statement of comprehensive income as a result of the retrospective application of the amendments to IAS 19 was as follows:

\$'000	For the quarter ended	For the six months ended	For the year ended	
	2013 Apr. 30	2013 Apr. 30	2013 Oct. 31	2012 Oct. 31
Net income before taxes	958	1,910	5,804	5,010
Income taxes	38	75	154	(14)
Net income	920	1,835	5,650	5,024
Total OCI, net of taxes	(24,018)	(24,018)	(22,889)	(25,609)